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**OFFICIAL STATEMENT**

**City of Riverside  
Riverside County, California**

**\$2,000,000**

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AUG 30 1978

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**Sewer Revenue Bonds, Series 1978**

Bids to be received by the City Clerk at 10:00 A.M., Tuesday, September 19, 1978 at the office of the City Clerk, City Hall, Sixth Floor, 3900 Main Street, Riverside, California 92501.

*no stub*

78 03207

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**CITY OF RIVERSIDE**  
**Riverside County, California**

**CITY COUNCIL**

Ab Brown, *Mayor*

Arden Anderson

Robert E. Bowers

Sam A. Digati

Don Lorenzi

Jim Manning

Ernest Pintor

Ed Shepard

---

**CITY ADMINISTRATION**

William F. Cornett, Jr., *City Manager*

Lawrence E. Paulsen, *Assistant City Manager*

John Woodhead, *City Attorney*

Harold E. Brewer, *Finance Director and City Treasurer*

Alice A. Hare, *City Clerk*

Robert C. Wales, *Public Works Director and City Engineer*

Bonds -- CA -- Riverside  
Riverside -- Econ. Bonds.  
Sewage disposal plants -- CA --  
Riverside -- Finance

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**PROFESSIONAL SERVICES**

O'Melveny & Myers, *Los Angeles*

*Bond Counsel*

[ Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*

*Financing Consultants* ]

Bank of America N.T. & S.A., *Los Angeles and San Francisco*

Manufacturers Hanover Trust Co., *New York City*

Harris Trust and Savings Bank, *Chicago*

*Paying Agents*

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**THE DATE OF THIS OFFICIAL STATEMENT IS AUGUST 22, 1978**





August 22, 1978

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$2,000,000, City of Riverside Sewer Revenue Bonds, Series 1978, authorized and issued for the purpose of assisting in the financing of sewerage system improvements and paying of expenses in connection with bond issuance.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the City of Riverside with regard to that City's Sewer Revenue Bonds, Series 1978. (Such firm will receive compensation from the City contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, Notice Inviting Bids, proposed project improvements, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the City Clerk of the City of Riverside for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual records.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from the City Clerk or the City's financing consultant.

The legal opinion, approving the validity of the Bonds, will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the City, (see "Legal Opinion"). Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth herein under the caption "The Bonds".

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the City.

CITY OF RIVERSIDE

AB BROWN

*Mayor*

MAYOR  
AB BROWN

CITY COUNCIL

ERNEST PINTOR  
Ward No. 1

ED SHEPARD  
Ward No. 2

ARDEN R. ANDERSON  
Ward No. 3

ROBERT E. BOWERS  
Ward No. 4

DON LORENZI  
Ward No. 5

SAM DIGATI  
Ward No. 6

JIM MANNING  
Ward No. 7

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# INTRODUCTION

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The City of Riverside, incorporated in 1883, is a charter city. It operates under the council-manager form of government. The city is the county seat of Riverside County, as well as the principal commercial and industrial city in the county. The city is located approximately 50 miles east of Los Angeles. The city's January 1978 population, as estimated by the California State Department of Finance, was 155,800, an increase of 11% over the 1970 census.

Proceeds from the sale of \$2,000,000 principal amount of Sewer Revenue Bonds, Series 1978, currently offered for sale, will be used to finance the city's share of construction costs of a tertiary sewage treatment plant. The treatment plant will be financed by Federal and State grants, the city, and two community services districts, as discussed in the section of this official statement entitled "The Enterprise."

The sewer revenue bonds currently being offered for sale are equally secured by an exclusive pledge, charge and lien upon all of the net revenues of the City of Riverside sewerage system (the "Enterprise"). Net revenues are defined as all revenues derived by the city from the Enterprise or arising from the Enterprise except connection fees and customer deposits, less necessary and reasonable maintenance and operation costs of the Enterprise.

The Resolution of Issuance for the bonds (the "Resolution") provides that the city will maintain rates and charges sufficient to produce annual net revenues equal to at least 1.5 times maximum annual debt service on all outstanding sewer revenue bonds. Net revenues received in the 1977/78 fiscal year would have provided coverage of 1.63 times estimated maximum annual debt service on all outstanding sewer revenue bonds, including those currently offered. However, projections for the next four fiscal years indicate that net revenues should

equal at least 1.77 times maximum annual debt service. (See Table 7.) These projections assume a 6½ percent per annum interest rate on the bonds currently offered and a 50% sewer service charge increase to become effective in the 1979/80 fiscal year.

The Resolution provides for the deposit of Series 1978 bond proceeds into the bond reserve fund so the balance in that fund equals maximum annual debt service on all outstanding sewer revenue bonds. As of the sale date of the bonds currently offered, and including said bonds, the city will have \$3,110,000 outstanding sewer revenue bonds. Accrued interest and premium, if any, will be deposited in the Bond Service Account. The balance of proceeds will be deposited in the Construction Fund.

Additional sewer revenue bonds may be issued on a parity with outstanding revenue bonds, providing the city is in compliance with all of the terms of the Resolution, funds are provided for increasing the reserve fund to equal the maximum annual debt service on the bonds then outstanding and any additional bonds, and coverage of 1.5 maximum annual debt service on all outstanding revenue bonds is maintained. In computing net revenues required to maintain 1.5 coverage, an allowance may be included for up to 90% of the estimated increased revenues from improvements, extensions or rate increases in effect prior to the issuance of additional bonds.

Historically, the city sewerage system has been entirely self-supporting (except for certain capital improvements which have been funded by bond issues) and has also generated sufficient revenues to provide debt service on outstanding voter-approved general obligation bonds issued to finance sewerage system improvements. Thus, no property tax has been levied to date for such debt service. It is the policy of the city to establish and maintain sewer service charges at levels sufficient to meet all expenses of the sewerage system, including general obligation bond service, without levying a property tax.

There are presently approximately 53,300 sewer connections to the system, of which 51,000 are residential, with the remainder commercial and industrial. The city projects the total number of connections will increase to 60,300 in fiscal year 1982/83. This takes into account the present building moratorium which is discussed on page 25.



# THE BONDS

## Authority for Issuance

The \$2,000,000 City of Riverside Sewer Revenue Bonds, Series 1978 (the "Bonds" or the "Series 1978 Bonds"), currently being offered for sale will be issued pursuant to a resolution of the City Council adopted August 22, 1978 (the "Resolution"), a copy of which accompanies this official statement as originally distributed.

The Bonds will be issued pursuant to the Charter of the City of Riverside and Article 8, Chapter 3, Part 1, Division 2, Title 5 of the California Government Code and under and in conformity with the Revenue Bond Law of 1941 (Chapter 6, Part 1, Division 2, Title 5 of the California Government Code, commencing with Section 54300).

## Sale of the Bonds

Bids for the purchase of the Bonds will be received by the City Clerk at 10:00 A.M., Tuesday, September 19, 1978 at the office of the City Clerk, City Hall, Sixth Floor, 3900 Main Street, Riverside, California 92501. The Bonds will be awarded at a meeting of the City Council on the same day. Details as to the terms of the sale are included in the Official Notice Inviting Bids adopted August 22, 1978, a copy of which accompanies this Official Statement, as originally distributed.

## Description of the Bonds

The Bonds will be dated October 1, 1978 and will be issued in the denomination of \$5,000 each.

Interest will be payable semiannually on April 1 and October 1 of each year, beginning April 1, 1979. Both principal and interest on the Bonds are payable at the office of the City Treasurer, or, at the option of the holder, at the Corporate Agency Division of the Bank of America N.T. & S.A., Los Angeles or San Francisco, California, or at paying agents for the city in The City of New York, New York, or Chicago, Illinois.

The Bonds will be numbered 1 through 400 and will be payable annually on October 1 of each year as follows:

Year	Principal Amount	Year	Principal Amount
1979 ...	\$ 50,000	1989 ...	\$ 95,000
1980 ...	55,000	1990 ...	105,000
1981 ...	60,000	1991 ...	110,000
1982 ...	65,000	1992 ...	115,000
1983 ...	65,000	1993 ...	125,000
1984 ...	70,000	1994 ...	130,000
1985 ...	75,000	1995 ...	140,000
1986 ...	80,000	1996 ...	150,000
1987 ...	85,000	1997 ...	160,000
1988 ...	90,000	1998 ...	175,000

## Redemption Provisions

Bonds maturing on or before October 1, 1988, a total principal amount of \$695,000, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after October 1, 1989, a total principal amount of \$1,305,000, are subject to call and redemption, at the option of the city, as a whole or in part in inverse order of maturity and by lot within a single maturity on October 1, 1988, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal amount thereof plus a premium of one-fourth of one percent of such principal amount for each year or fraction of a year from the redemption date to the maturity date of the Bonds. The maximum premium payable upon call of the Bonds for redemption on or after October 1, 1988 would be two and one-half percent (2½ %).

## Notice of Redemption

Notice of redemption is to be published in a newspaper of general circulation in the County of Riverside, California and a financial newspaper or financial journal, published in The City of New York, New York. Publication must be at least 30 days but not more than 60 days prior to the redemption date. The City Treasurer is required to give written notice to the owners of any registered bonds.

## Registration

The Bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, with the privilege of discharge from regis-



tration and re-registration, all in accordance with the provisions in the resolution providing for the issuance of the Bonds. The City Treasurer will act as Registrar for the Bonds.

## **Legal Opinion**

The opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel, attesting to the validity of the Bonds, will be supplied free of charge to the purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this official statement under the heading "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled "Tax Exempt Status"). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this official statement, not mentioned in this paragraph.

## **Tax Exempt Status**

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

## **Purpose of Issue**

The proceeds from the sale of the Bonds will be used to finance the city's share of construction costs of an addition to the existing city sewage treatment plant to provide tertiary treatment of sewage as required by state water quality standards. The improvements to be constructed are detailed in the section of this official statement entitled "The Enterprise."

## **Security**

The Bonds are being issued in accordance with the Revenue Bond Law of 1941, Section 54300, et seq., of the Government Code, and are equally secured by a pledge, charge and lien upon the net revenues of the sewerage system of the City of

Riverside. Net revenues are generally defined in the Resolution as all revenues received from the services and facilities of the sewerage system except customer deposits and connection charges, less the necessary and reasonable maintenance and operation costs of the system.

The Bonds are on a parity with the city's outstanding 1969 Sewer Revenue Bonds, Series A and B.

Special funds, accounts and coverage requirements which further secure the annual payments of the Series 1978 Bonds are described in following sections of this official statement.

The general fund of the City of Riverside is not liable for the payment of the Bonds or their interest, nor is the credit or the taxing power of the city pledged.

## **Tax Limitation—Initiative Constitutional Amendment**

At the June 6, 1978 statewide election, the voters approved Proposition 13, a measure entitled "Tax Limitation—Initiative Constitutional Amendment," commonly known as the "Jarvis-Gann Initiative." The main effect of the Initiative is to limit property taxes.

However, the Bonds currently offered are revenue bonds and property tax revenues may not be used to meet principal and interest payments on the Bonds. Further, operation of the city's sewerage system, including overhead and administration, and payment of debt service requirements on all outstanding sewer revenue bonds, has been totally financed from user charges. The city anticipates that the Jarvis-Gann Initiative should have no effect on the sewer enterprise.

## **Legality for Investment**

Application has been made by the city for a certificate of the Superintendent of Banks of the State of California that the Bonds constitute legal investments in California for commercial banks. If the Bonds are legal investments for commercial banks, they are also legal investments for trust companies, insurance companies, pension funds, retirement plans, trust funds, and any special funds, the investment of which is governed by similar law.

## **Establishment of Rates and Charges**

The city covenants in the Resolution that as long as any sewer revenue bonds are outstanding it will



prescribe and collect charges which are sufficient to provide net revenues—after meeting (1) payments required by the Resolution other than debt service, but including transfers to the Reserve Account described below, (2) maintenance and operation costs of the Enterprise, and (3) all other charges payable from the revenues of the Enterprise—which are equal to at least 1.5 times maximum annual bond debt service. Maintenance and operation costs include costs of managing, operating and maintaining the sewerage system in good repair, excluding any provision for depreciation.

Based on a rate schedule that became effective June 17, 1976, pursuant to Resolution No. 12815, net revenues actually received in the 1977/78 fiscal year would have provided 1.63 times estimated maximum annual debt service on all outstanding sewer revenue bonds, including the Bonds currently offered. As shown in Table 7 on page 17, projected net revenues in 1979/80 (the first fiscal year in which a full year's debt service on the Bonds currently offered will be due), would provide coverage of 4.64 times estimated maximum annual debt service on all outstanding sewer revenue bonds, including the Bonds currently offered. Projected revenues for 1979/80 are based on an anticipated 50% increase in sewer service charges to become effective at the beginning of the 1979/80 fiscal year.

Further details as to the operation of the sewerage system, including revenues and expenditures, are contained in the section of this official statement entitled "The Enterprise."

## **Creation of Special Funds and Accounts**

Resolution No. 11409, adopted December 19, 1969, provided for the creation of special funds and accounts for the administration and control of the proceeds obtained from the sale of the 1969 Sewer Revenue Bonds and of the revenues of the Enterprise. The Resolution provides that the same funds and accounts will be continued except that a separate Series 1978 Construction Fund will be established. As provided in the Resolution, the existing 1969 Sewer Revenue Bonds funds and accounts will thereafter be referred to without reference to a particular bond issue. These funds and accounts are as follows:

1. Series 1978 Sewer Revenue Bonds, Construction Fund (the "Construction Fund").
2. Sewer Revenue Fund (herein sometimes referred to as "Revenue Fund"), in which there shall be:

- a. Maintenance and Operation Account (herein sometimes referred to as "M&O Account");
- b. Bond Service Account (herein sometimes referred to as "Bond Service Account");
- c. Reserve Account (herein sometimes referred to as "Reserve Account"); and
- d. Surplus Account (herein sometimes referred to as "Surplus Account").

As provided in the Resolution, the Series 1978 Bonds are on a parity with the 1969 Sewer Revenue Bonds, Series A and Series B. The resolution providing for the issuance of the 1969 Bonds provides that the indebtedness is payable solely from the net revenues of the entire sewerage system of the city, and further provides that the gross revenues derived from the sewerage system shall be placed in a revenue fund containing accounts for the payment of the maintenance and operation expenses and the principal and interest on the indebtedness, as well as providing for a reserve for both the 1969 Bonds and any parity bonds, which would include the Series 1978 Bonds.

## **Disposition of Bond Proceeds**

The Resolution requires that the proceeds from the sale of the Series 1978 Bonds shall be received by the City Treasurer (the "Treasurer") and deposited as follows:

1. Any premium and accrued interest is to be deposited in the Bond Service Account.
2. There is to be deposited in the Reserve Account an amount necessary to establish the balance in the Reserve Account equal to the maximum annual debt service on all outstanding sewer revenue bonds.
3. The balance of the Bond proceeds is to be deposited in the Construction Fund and used for financing the construction of sewerage system facilities described in the Enterprise section of this official statement.

The city may deposit moneys received from any source in the Construction Fund. Moneys placed in the Construction Fund shall remain therein until from time to time expended for the purposes for which the bonds were issued. If any sum remains in said Construction Fund after the full accomplishment of the purposes for which the Bonds were issued, it shall be transferred to and placed in the Revenue Fund.



## Deposit and Application of Revenues

The Resolution provides that all revenues of the Enterprise shall be deposited in the Revenue Fund by the Treasurer not later than the fifth day of each month. All moneys in the Revenue Fund are to be administered by the Treasurer and set aside and deposited in or transferred to the following special accounts in the following order of priority given and to be withdrawn from said special accounts only for the following purposes:

1. **Maintenance and Operation Account.** On or before the tenth (10th) day of each calendar month, the Treasurer shall withdraw from the Revenue Fund and place in the M&O Account amounts sufficient to pay the necessary and reasonable maintenance and operation costs of the Enterprise for the current month, as indicated in the budget.

2. **Bond Service Account.** On or before the tenth (10th) day of each calendar month, the Treasurer shall withdraw from the Revenue Fund and place in the Bond Service Account the following amounts: (1) one-sixth (1/6th) of the interest which will become due and payable on the outstanding bonds within the next ensuing six (6) months, except that for the first six (6) months after the date of the bonds the monthly sum transferred shall be the interest which will become due and payable at the end of the first six (6) months less the amount of any accrued interest placed in the Bond Service Account divided by the number of months remaining in said period; and (2) one-twelfth (1/12th) of the principal amount which will mature and be payable on the outstanding serial bonds within the next ensuing twelve (12) months, except that for the first twelve (12) months after the date of the bonds the monthly sum transferred shall be the principal amount which will be due and payable at the end of the first twelve (12) months divided by the number of months remaining in said period. In the event that the amounts placed in the Bond Service Account each calendar month are less than the amounts required because of lack of funds or for any other reason, the deficiency shall be added to and become a part of the amounts required to be deposited the following calendar month.

If after all of the Bonds and any parity bonds have been redeemed and cancelled there are moneys remaining in the Bond Service Account,

said moneys shall be transferred to the Revenue Fund; provided that if said moneys are part of the proceeds of refunding bonds said moneys shall be transferred to the fund or account created for the payment of the principal of and interest on such refunding bonds.

3. **Reserve Account.** The Treasurer is required to make necessary transfers of funds from the Revenue Fund to maintain the Reserve Account at an amount equal to maximum annual debt service on all outstanding sewer revenue bonds.

Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of and interest on the Bonds or any parity bonds in the event that the moneys in the Bond Service Account are insufficient therefor, and for that purpose the Treasurer shall withdraw from the Reserve Account and place in the Bond Service Account moneys necessary for such purpose. Whenever moneys are withdrawn from the Reserve Account an equal amount of moneys shall be placed in the Reserve Account by transfers from the Surplus Account or from the first available moneys in the Revenue Fund.

Moneys in the Reserve Account may be invested in any authorized investments; provided that the maturity or maturities thereof shall not be later than five (5) years from the date of the investment. Moneys in the Reserve Account in excess of maximum annual debt service shall be withdrawn from the Reserve Account by the Treasurer and placed in the Revenue Fund. Moneys in the Reserve Account may be used to pay the principal of and interest on the last outstanding maturity of the Bonds or any parity bonds.

4. **Surplus Account.** Any moneys in the Revenue Fund in excess of the amounts necessary to be withdrawn from the Revenue Fund and placed in the M&O Account, Bond Service Account, and Reserve Account, shall be placed by the Treasurer in the Surplus Account. After all covenants of the city contained in the applicable bond resolutions have been duly performed, moneys in the Surplus Account may be:

- a. used for extensions and betterments of the Enterprise;
- b. used for unbudgeted maintenance and operation expenses;
- c. invested in any authorized investments;

d. transferred to the Redemption Fund to be used for the redemption of any of said bonds which are subject to call and redemption prior to maturity or for the purchase from time to time in the open market of any outstanding bonds whether or not subject to call and redemption; or

e. used for any lawful purposes of the city; however, no moneys in the Surplus Account may be transferred to any other account or fund of the city, other than the Redemption Fund; but moneys may be removed from the Surplus Account at any time for immediate expenditure by the city.

## **Deposit and Investment of Moneys in Funds and Accounts**

Subject to the provisions of the Resolution, all moneys in the various funds and accounts established therein shall be deemed at all times to be a part of such funds and accounts and any income realized from such investments shall be credited to such funds and accounts, and any losses resulting from such investments shall be charged to such funds and accounts. The Treasurer shall make investments whenever it may be necessary to do so in order to provide moneys to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds any such investments constituting a part of such funds and accounts shall be valued at the then estimated or appraised market value of such investments.

## **Additional Covenants**

In addition to the rates and charges covenant, the Resolution contains further covenants for the protection of bondholders, including:

1. The city will pay or cause to be paid punctually the principal of every Bond, and the interest thereon, on the date or dates, and at the place or places, and in the manner described in the resolution.

2. The city will commence the construction of the improvements to the Enterprise and continue the same to completion in an efficient and economical manner, and will operate, maintain and preserve the Enterprise in good repair and working order as provided in the resolution.

3. The city will preserve and protect the security of the Bonds and the rights of the holders

thereof, and will warrant and defend such rights against all claims and demands of all persons.

4. The city will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials, and supplies which might by law become a lien upon the revenues of the Enterprise.

5. The city will maintain proper books of records and accounts of the Enterprise covering all revenues and all transactions. These records and accounts will be subject at all times to inspection by holders of not less than 10 percent of the outstanding Bonds.

6. The city will file annually, within 120 days after the end of each fiscal year, a detailed balance sheet and statement of revenues and disbursements (prepared by a certified public accountant), rates and the physical condition of the system.

7. The city will not mortgage, sell or otherwise encumber any part of the Enterprise or revenues thereof or enter into any agreement which impedes the operation of the Enterprise.

8. The city will maintain insurance against loss or damage to the Enterprise and fidelity bonds covering all officers and employees who handle funds of the city.

9. The city will not invest the proceeds of the Bonds in such a manner which would result in the Bonds being taxable "arbitrage bonds" within the meaning of section 103(c), Internal Revenue Code of 1954, as amended.

## **Additional Bonds**

The Resolution permits the issuance of additional bonds on a parity with all outstanding sewer revenue bonds, including the Bonds currently offered, subject to the following conditions:

1. The purpose of incurring additional indebtedness must be to provide funds for acquisition, construction, or financing of extensions, additions or improvements of the city sewerage system.

2. The city must not be in default under the terms of the Resolution.

3. The final maturity date of additional bonds must not be earlier than the latest maturity date of any of the bonds then outstanding. The additional bonds may not be subject to redemption prior to October 1, 1989.

4. The net revenues of the sewerage system for the latest fiscal year or the preceding twelve-month



period ending not more than 90 days prior to authorization of the bonds or incurring of additional indebtedness must have amounted to at least 1.5 times the aggregate of the amount of interest and principal required to be paid on outstanding and additional bonds in that fiscal year in which those requirements are the greatest, as shown by an opinion of an independent certified public accountant.

In computing net revenues of the enterprise, allowance may be made for estimated increased revenues from improvements or extensions which have been made, from improvements or extensions to be made with the proceeds of additional indebtedness within three years or from increases in sewer service charges effective during the year prior to the incurring of additional indebtedness. In the case of each of the allowances listed above, 90 percent of the estimated additional average annual net revenues may be used in computing net revenues to qualify for incurring additional indebtedness.

If additional bonds are sold ranking on a parity with the bonds now being offered and bonds outstanding, there shall be immediately placed out of bond proceeds an amount which will increase the Reserve Account to an amount equal to the maximum annual debt service on all outstanding Sewer Revenue Bonds. This Reserve Account balance can be reduced as the maximum total annual requirement declines.

The Resolution also provides that refunding bonds may be issued by the city.

## Closing Documents

Each proposal for purchase of the Bonds will be understood to be conditioned upon the city furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Series 1978 Bonds, the following closing documents, each dated the date of delivery:

(a) *Legal opinion*—The opinion of O'Melveny & Myers, Los Angeles, California, Bond Coun-

sel, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

A copy of the opinion of O'Melveny & Myers, certified by an officer of the city by facsimile signature, will be printed on the back of each bond. No charge will be made to the Purchaser for such printing or certification.

(b) *Non-Arbitrage Certificate*—A certificate of an officer of the city that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds.

(c) *No-Litigation Certificate* — A certificate signed by an officer of the city that there is no litigation threatened or pending affecting the validity of the Bonds.

(d) *Signature Certificate*—A certificate of the officers and representatives of the city, showing that they have signed the Bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same.

(e) *Treasurer's Receipt*—The receipt of the Treasurer showing that the purchase price of the Bonds, including interest accrued to the date of delivery thereof has been received by the city.

(f) *Certificate Re Official Statement*—A certificate of an officer of the city, acting in his official and not his personal capacity, to the effect that at the time of sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, the official statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

# ESTIMATED ANNUAL BOND SERVICE

Table 1 presents an estimate of annual bond service for the \$2,000,000 principal amount of Sewer Revenue Bonds, Series 1978. Interest is estimated at 6½ percent per annum. Actual bond service on the city's outstanding 1969 Series A and Series B Sewer Revenue Bonds is also shown.

**Table 1**  
**CITY OF RIVERSIDE**  
**Sewer Revenue Bonds, Series 1978**  
**Estimated Annual Bond Service**

Fiscal Year		Estimated Bond Service, Series 1978 Bonds					1969 Bonds Series A-B Actual Bond Service	Grand Total
		Principal Outstanding	Interest Payable @ 6½ %		Principal Maturing October 1	Total Bond Service		
			October 1	April 1				
1978/79	....	\$2,000,000	\$ —	\$ 65,000.00	\$ —	\$ 65,000.00	\$ 126,995	\$ 191,995.00
1979/80	....	2,000,000	65,000.00	63,375.00	50,000	178,375.00	128,165	306,540.00
1980/81	....	1,950,000	63,375.00	61,587.50	55,000	179,962.50	128,896	308,858.50
1981/82	....	1,895,000	61,587.50	59,637.50	60,000	181,225.00	129,464	310,689.00
1982/83	....	1,835,000	59,637.50	57,525.00	65,000	182,162.50	129,636	311,798.50
1983/84	....	1,770,000	57,525.00	55,412.50	65,000	177,937.50	129,588	307,525.50
1984/85	....	1,705,000	55,412.50	53,137.50	70,000	178,550.00	129,063	307,613.00
1985/86	....	1,635,000	53,137.50	50,700.00	75,000	178,837.50	130,000	308,837.50
1986/87	....	1,560,000	50,700.00	48,100.00	80,000	178,800.00	129,750	308,550.00
1987/88	....	1,480,000	48,100.00	45,337.50	85,000	178,437.50	128,975	307,412.50
1988/89	....	1,395,000	45,337.50	42,412.50	90,000	177,750.00	127,925	305,675.00
1989/90	....	1,305,000	42,412.50	39,325.00	95,000*	176,737.50	126,600	303,337.50
1990/91	....	1,210,000	39,325.00	35,912.50	105,000*	180,237.50	—	180,237.50
1991/92	....	1,105,000	35,912.50	32,337.50	110,000*	178,250.00	—	178,250.00
1992/93	....	995,000	32,337.50	28,600.00	115,000*	175,937.50	—	175,937.50
1993/94	....	880,000	28,600.00	24,537.50	125,000*	178,137.50	—	178,137.50
1994/95	....	755,000	24,537.50	20,312.50	130,000*	174,850.00	—	174,850.00
1995/96	....	625,000	20,312.50	15,762.50	140,000*	176,075.00	—	176,075.00
1996/97	....	485,000	15,762.50	10,887.50	150,000*	176,650.00	—	176,650.00
1997/98	....	335,000	10,887.50	5,687.50	160,000*	176,575.00	—	176,575.00
1998/99	....	175,000	5,687.50	—	175,000*	180,687.50	—	180,687.50
Totals	..		\$815,587.50	\$815,587.50	\$2,000,000	\$3,631,175.00	\$1,545,057	\$5,176,232.00

\*Callable on or after October 1, 1988.



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# THE ENTERPRISE

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## Existing Facilities

The City of Riverside owns and operates the sewerage system serving the city. The system includes trunk sewers, local connecting lines and a sewage treatment plant which currently provides first and second stage treatment of sewage. Secondary treatment results in sewage being converted into wastewater that can legally be discharged into the ground. The system presently serves approximately 53,300 connections, of which 51,000 are residential and 2,300 are commercial and industrial.

## Organization and Staff

Operations of the enterprise are under the supervision of the city's Director of Public Works and City Engineer, Mr. Robert C. Wales. Mr. Wales holds a Bachelor of Science degree in Civil Engineering from Virginia Polytechnic Institute and is a registered professional engineer in California. He has been with the city since 1969 and has served in his present capacity since December 1977.

Sewage treatment facilities are operated on a 24-hour, seven days per week basis by a staff of 39 employees, headed by a superintendent. The staff includes a chief sewage plant operator, 11 plant operators, one chemist, one laboratory technician, 7 plant maintenance personnel, one sewer maintenance foreman, 15 sewer connection system maintenance personnel and two office personnel. The staff performs routine maintenance functions, in addition to operating the facilities.

## The Project

Proceeds from the Series 1978 Bonds currently offered will be used to finance the city's share of the cost of a tertiary sewage treatment plant. The plant will be an addition to the existing city owned and operated treatment plant. The total project cost will be met by Federal and State grants, the city share to be financed from Bond proceeds, and payments by the Jurupa Community Services District

("Jurupa") and the Rubidoux Community Services District ("Rubidoux"), pursuant to agreements between those districts and the city as summarized in the following paragraphs.

In June 1975, the State Water Quality Control Board issued Cease and Desist Order No. 75-141 ordering the city to stop the discharge of wastewater into the Santa Ana River. To meet Federal and State water quality requirements, tertiary treatment of wastewater emanating from the city's existing sewage treatment plant is required so there is no health hazard when it is discharged into flowing water where it could come into contact with people in the water. The completed tertiary treatment facility will have a capacity of 26 million gallons per day (mgd) of sewage. In addition to the City of Riverside, the sewerage systems of the aforementioned Jurupa and Rubidoux districts will be connected to the treatment plant, providing tertiary treatment on a regional basis. Of the total 26 mgd capacity, the city's portion is 22.2 mgd, that of Jurupa 2.3 mgd, and that of Rubidoux 1.5 mgd.

Pursuant to an agreement dated October 5, 1976 between the city and the two community services districts, the capital costs of construction of the treatment plant shall be shared on a percentage basis, as follows: City of Riverside—85.38%; Jurupa—8.85%; and Rubidoux—5.77%. In addition, Jurupa and Rubidoux shall pay to the city for administration costs a total of 1/10% of the amount of the construction contract for the plant, to be shared equally by the two districts. The city will bill the districts for their respective shares of project costs on a monthly basis throughout the construction period.

Both Jurupa and Rubidoux will construct interceptor sewer facilities to connect their respective service areas to the treatment plant at no expense to the city.

## Grant Funds

The city estimates that approximately 85% of the total project cost will be met by Federal and State grants. In July 1977, the United States Environmental Protection Agency and the State Water Resources Control Board approved grant applications to provide grant funding for 75% and 12.5%, respectively, of eligible project costs. The remaining percentage of project costs will be met by the three entities, as discussed above. The city's share of non-grant-funded costs will be met from proceeds of the Bonds currently offered.

## Estimated Project Costs

Based upon the construction bid for plant construction received by the city on July 25, 1978, the total estimated project cost is \$14,495,000. Table 2 below presents a summary of estimated project costs and sources of funds. The apparent successful bidder was Morley-Ziebarth and Alper, a Joint Venture, of Los Angeles, California. Construction is scheduled to begin in November 1978 and be completed in May 1980.

**Table 2**

### **CITY OF RIVERSIDE**

#### **Tertiary Treatment Plant**

#### **Estimated Project Costs and Sources of Funds**

Project Costs <sup>①</sup> :	
Design .....	\$ 625,100
Construction .....	11,889,000
Contingencies .....	1,188,900
Inspection/Testing/Training .....	692,000
Administration .....	100,000
Subtotal .....	<u>\$14,495,000</u>
Financing Costs:	
Bond reserve fund .....	\$ 186,375
Costs of bond issuance .....	47,007
Subtotal .....	<u>\$ 233,382</u>
Total Costs .....	<u><u>\$14,728,382</u></u>
Source of Funds:	
Federal Grant .....	\$10,650,750
State Grant .....	1,775,125
Jurupa CSD .....	183,118
Rubidoux CSD .....	119,389
City of Riverside Series 1978 Bonds .....	2,000,000
Total Funds .....	<u><u>\$14,728,382</u></u>

<sup>①</sup> Based on construction bid received July 25, 1978.

Upon completion of the tertiary treatment plant addition to the city's existing primary/secondary treatment facility, the existing facility will be upgraded to also provide regional capability. This will be financed by the city's sale of \$500,000 in authorized but unissued 1969 Sewer Revenue Bonds. This sale is not anticipated to take place before March 1980.

## Environmental Considerations

After review of the project report, environmental impact assessment and public hearing summary pre-

pared by the grant applicants and comments from the State and Federal agencies, the United States Environmental Protection Agency advised on February 23, 1976 that the proposed project would not have a significant environmental impact. Therefore, that agency decided not to prepare a separate environmental impact statement.

The proposed tertiary treatment plant is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 *et seq.*). On August 1, 1978, the Riverside City Council made the appropriate determinations to conclude that the treatment plant project will not have a significant adverse impact on the environment and authorized the preparation of a negative declaration. The Notice of Determination was filed with the Riverside County Clerk on August 22, 1978.

## Revenue Program

Section 204(b) of the Federal Water Pollution Control Act Amendments of 1972 instructed the Administrator of the Environmental Protection Agency (EPA) to issue guidelines for the establishment of charges to users of sewage treatment works. Pursuant to EPA regulations and guidelines published in the Federal Register on February 11, 1974, the State of California State Water Resources Control Board adopted revenue program guidelines for wastewater agencies to assist California public entities in: Qualifying for Federal and State grants for the construction of sewerage facilities, placing sewerage systems of local entities on a self-supporting basis, and, establishing user charges in compliance with EPA regulations.

To qualify for Federal and State sewerage facilities construction grants, a grant applicant must submit a sewer revenue program to the California State Water Resources Control Board prior to the date when 80% of the construction grant will be required. The sewer revenue program represents the grant applicant's plan to obtain sufficient revenue to maintain its sewerage system on a self-supporting basis from user charges that are based on the following guidelines:

(1) allocation of costs for sewer service to users will be based on the volume and constituent loadings of their wastes;

(2) each recipient of waste treatment service will pay its proportionate share of the cost of sewer service;



(3) industrial dischargers will pay costs of sewer service allocable to the industrial function;

(4) each industrial user that contributes more than 10 percent of the design flow or pollutant loading of a system must forward a signed letter of intent to pay the portion of the Federal grant allocable to the treatment of its wastes and the industrial user's intended period of use of the treatment works; and,

(5) to maintain the capacity and performance for which grant-funded and non-grant funded sewage treatment and pumping plant facilities were designed and constructed, State revenue program guidelines require that a separate line item for replacement of sewage treatment and pumping plant equipment and machinery be included with the estimates of operation and maintenance costs.

The city's revenue program is presently being developed by CDM, Incorporated, the city's consulting engineers for the tertiary treatment plant project. It is anticipated that the revenue program will be completed and submitted to the Water Resources Control Board in early 1979. Sewer service charge increases would most likely become effective July 1, 1979.

## Sewer Service Charges

Title 14 of the Riverside Municipal Code sets forth regulations governing the city's sewerage system, including provisions for sewer service charges and sewer pumping surcharges. Resolution No. 12815, adopted by the City Council May 18, 1976, established the sewer service charges currently in effect. The tabulation to the right summarizes the monthly charges and rates pursuant to said resolution. Schools open during the month of June, July and August, are charged a pro-rata charge based on average daily attendance during the immediately preceding regular school year compared with average daily attendance during the summer school session of the previous year.

In addition to the above, in certain areas of the city which require sewer pumping facilities, there is a monthly pumping surcharge in addition to the regular charges. These are basically \$.55 per month per dwelling unit in the categories for which the regular rate is \$2.64 and \$.08 per month for those categories for which the regular rate is \$.66. All other establishments have a surcharge equal to 27.5% of the

regular charge. The city also has a schedule of sewer connection fees pursuant to Ordinances Nos. 4066 and 4290.

Users of the city sewerage system are billed monthly for sewer service by the city's utility department, along with that department's water and electricity bills.

## CITY OF RIVERSIDE

### Sewer Service Charges<sup>①</sup>

User Category	Monthly Rate
Single family dwelling; per unit in duplex; per each apartment unit; per each motel/hotel unit with cooking facilities; per each rest-room in park or cemetery . . . . .	\$ 2.64
Motel/hotel—per toilet other than in units with cooking facilities . .	.66
Rooming house . . . . .	2.64 plus .66 per room
All other establishments connected to the sewerage system, charge per meter according to water meter size:	
5/8" . . . . .	2.64
3/4" . . . . .	4.36
1 " . . . . .	7.00
1 1/2" . . . . .	13.20
2 " . . . . .	21.12
3 " . . . . .	39.60
4 " . . . . .	66.00
6 " . . . . .	132.00
8 " . . . . .	211.20
10 " . . . . .	303.60
12 " or larger . . . . .	382.80

① Effective June 1, 1976.

## Sewer Connections

The upper tabulation on page 12 presents a summary of active sewer services in the city since 1973/74 and projections through 1982/83. The projections take into account the present building moratorium in the city which is discussed in detail on page 25 of this official statement.

The city Public Works Department reports the ten principal dischargers into the sewerage system in 1977/78 were as shown in the lower tabulation on page 12.

## CITY OF RIVERSIDE

### Active Sewer Connections<sup>①</sup>

Fiscal Year <sup>②</sup>	Residential	Commercial and Industrial	Total
1973/74 .....	43,926	2,074	46,000
1974/75 .....	44,480	1,999	46,479
1975/76 .....	44,534	2,178	46,712
1976/77 .....	46,306	2,271	48,577
1977/78 .....	48,977	2,228	51,205
1978/79 .....	51,000	2,300	53,300
1979/80 .....	53,035	2,265	55,300
1980/81 .....	55,005	2,295	57,300
1981/82 .....	56,975	2,325	59,300
1982/83 .....	57,945	2,355	60,300

① Source: City Department of Public Works.

② 1973/74-1977/78 actual; 1978/79 thereafter estimated.

## RIVERSIDE SEWERAGE SYSTEM

### Principal Dischargers

Firm	Flow in mgd
Rohr Industries .....	1.400
University of California .....	.540
Alumax Inc. ....	.217
Loma Linda University .....	.180
Riverside General Hospital .....	.153
Bourns, Inc. ....	.085
Loma Linda Foods .....	.073
Sherman High School .....	.064
Butcher Boy Foods .....	.060
Royal Crown Cola .....	.057

Source: City Public Works Department.

## Sewerage System Revenues and Expenditures and Balance Sheet

A five-year summary of revenues and expenditures for the city's Sewer Service Fund is presented in Table 3 on page 13. The figures for 1973/74 1976/77 are extracted from the city's audited financial reports for those fiscal years; the figures for 1977/78 are unaudited year-end totals. It is noted that the sewer service fund, in addition to being entirely self-supporting, has also generated sufficient revenues to provide debt service on outstanding voter-approved general obligation bonds issued to finance sewerage system improvements. Thus, no property tax has been levied to date for such debt service. It is the policy of the city to establish sewer service charges at levels sufficient to meet all expenses of the sewerage system, as well as general obligation bond service, without levying a property tax.

Table 4 on page 14 presents a five-year summary of changes in fund balances in the sewer capital funds.

Table 5 on page 15 presents the Sewer Service Fund and Sewer Projects Fund combined balance sheet as of June 30, 1977, the latest audited report.

## Projected Revenues and Expenditures and Revenue Bond Service Coverage

Table 6 on page 16 presents a four-year summary of sewerage system revenues and expenditures, based on city estimates. The projections assume an increase in sewer service charges effective in 1979/80, in accordance with the previously discussed revenue program requirements of the grant funding of treatment plant construction. Table 7 on page 17 presents both an historical record and projection of revenue bond coverage for the city's outstanding 1969 Sewer Revenue Bonds (\$1,110,000 as of the sale date of the Series 1978 Bonds) and the \$2,000,000 Series 1978 Bonds currently offered.



**Table 3****CITY OF RIVERSIDE****Sewer Service Fund****Revenue and Expenditures<sup>①</sup>**

	1973/74	1974/75	1975/76	1976/77	1977/78
<b>REVENUES:</b>					
Current Service Charges:					
Sewer Service Charges .....	\$1,161,175	\$1,256,177	\$1,465,631	\$1,912,556	\$2,003,249
Pumping Surcharges .....	211,715	225,735	②	②	②
Waste Disposal Fees .....	5,092	7,196	10,509	9,685	2,470
Subtotal .....	\$1,377,982	\$1,489,108	\$1,476,140	\$1,922,241	\$2,005,719
Other Revenues <sup>③</sup> :					
Grants .....	\$ 317,905	\$ 123,184	\$ —	\$ —	\$ —
Miscellaneous .....	14,739	30,857	23,249	32,041	78,097
Subtotal .....	\$ 332,644	\$ 154,041	\$ 23,249	\$ 32,041	\$ 78,097
<b>TOTAL REVENUES</b> .....	<b>\$1,710,626</b>	<b>\$1,643,149</b>	<b>\$1,499,389</b>	<b>\$1,954,282</b>	<b>\$2,083,816</b>
<b>EXPENDITURES:</b>					
Maintenance and Operation:					
Personnel .....	\$ 487,039	\$ 533,058	\$ 594,121	\$ 643,847	\$ 705,861
Expense Items .....	359,686	508,322	624,288	662,892	783,034
Equipment .....	23,392	26,345	9,304	21,980	7,122
Subtotal .....	\$ 870,117	\$1,067,725	\$1,227,713	\$1,328,719	\$1,496,017
Other Expenditures:					
Revenue Bond Service .....	\$ 128,595	\$ 130,608	\$ 132,446	\$ 129,070	\$ 125,621
Miscellaneous .....	31,805	14,209	—	—	—
Subtotal .....	\$ 160,400	\$ 144,817	\$ 132,446	\$ 129,070	\$ 125,621
<b>TOTAL EXPENDITURES:</b>	<b>\$1,030,517</b>	<b>\$1,212,542</b>	<b>\$1,360,159</b>	<b>\$1,457,789</b>	<b>\$1,621,638</b>
Available for General Obligation Bond Debt					
Service and Capital Additions .....	\$ 680,109	\$ 430,607	\$ 139,230	\$ 496,493	\$ 462,178
Actual General Obligation Bond Service					
funded from Sewer Service Fund .....	\$ 396,926	\$ 391,123	\$ 382,826	\$ 373,619	\$ 379,229
Net Income (Deficit) .....	\$ 283,183	\$ 39,484	\$ (243,596)④	\$ 122,874	\$ 82,949

① 1973/74-1976/77 extracted from city annual financial reports, audited by Thomas, Byrne & Smith, CPA's, Riverside, California, complete copies on file at City Finance Department. 1977/78 unaudited year-end totals reported by City Finance Department.

② Included in Sewer Service Charges.

③ Excludes connection fees revenues which are transferred to Sewer Capital Improvement Fund.

④ Deficit funded from Sewer Service Fund reserves.

**Table 4****CITY OF RIVERSIDE****Sewer Projects Fund****Changes in Fund Balances<sup>①</sup>**

	1973/74	1974/75	1975/76	1976/77	1977/78
FUND BALANCE, JULY 1 .....	\$261,832	\$182,136	\$357,834	\$ 210,657	\$ 635,698
Additions:					
Property Taxes .....	\$ —	\$ —	\$ —	\$ —	\$ —
Miscellaneous Revenues .....	2,562	5,661	800	2,848	2,863
Revenues from Other Agencies .....	—	—	36,500	606,726	9,849,380 <sup>③</sup>
Transfer from General Fund .....	—	—	—	—	1,200,000
Transfer from Sewer Service Fund <sup>②</sup> .....	200,000	152,470	126,000	516,730	692,106
Subtotal .....	<u>\$202,562</u>	<u>\$158,131</u>	<u>\$163,300</u>	<u>\$1,126,304</u>	<u>\$12,380,047</u>
Reserves—July 1 .....	<u>523,632</u>	<u>360,113</u>	<u>229,234</u>	<u>390,686</u>	<u>331,390</u>
Total Balances, Additions and Reserves .....	\$988,026	\$700,380	\$750,368	\$1,727,647	\$12,711,437
Deductions:					
Expenditures .....	<u>\$445,777</u>	<u>\$113,312</u>	<u>\$149,025</u>	<u>\$ 760,559</u>	<u>\$ 417,491</u>
Subtotal .....	<u>\$445,777</u>	<u>\$113,312</u>	<u>\$149,025</u>	<u>\$ 760,559</u>	<u>\$ 417,491</u>
Reserves—June 30 .....	<u>360,113</u>	<u>229,234</u>	<u>390,686</u>	<u>331,390</u>	<u>9,996,874</u>
Total Deductions .....	<u>\$805,890</u>	<u>\$342,546</u>	<u>\$539,711</u>	<u>\$1,091,949</u>	<u>\$10,414,365</u>
FUND BALANCE, JUNE 30 .....	<u>\$182,136</u>	<u>\$357,834</u>	<u>\$210,657</u>	<u>\$ 635,698</u>	<u>\$ 2,297,072</u>

① 1973/74-1976/77 extracted from city annual financial reports audited by Thomas, Byrne & Smith, CPA's, Riverside, California, complete copies on file at City Finance Department. 1977/78 unaudited year-end totals reported by City Finance Department.

② Connection fee revenues.

③ Federal and State grants received for the sewer tertiary treatment plant.



Table 5

## CITY OF RIVERSIDE SEWER FUNDS

Balance Sheet, June 30, 1977<sup>①</sup>

	Sewer Service Fund	Sewer Projects Fund	Total
<b>ASSETS:</b>			
Cash .....	\$ 248,409	\$ 533,816	\$ 782,225
Net Accounts Receivable .....	1,930	16,988	18,918
Notes Receivable .....	1,060	2,313	3,373
Net Due from Other Funds .....	146,641	—	146,641
Grants Due .....	—	474,512	474,512
Cash—Revenue Bond Service .....	54,780	—	54,780
Cash—Revenue Bond Reserve .....	183,673	—	183,673
Cash with Fiscal Agent .....	263	—	263
Bond Redemption Funds .....	1,170,000	—	1,170,000
<b>TOTAL ASSETS .....</b>	<b>\$1,806,756</b>	<b>\$1,027,629</b>	<b>\$2,834,385</b>
<b>LIABILITIES, RESERVES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable .....	\$ 25,006	\$ 60,540	\$ 85,546
Interest Payable .....	263	—	263
Accrued Payroll .....	12,987	—	12,987
Revenue Bonds Payable .....	1,170,000	—	1,170,000
<b>Total Liabilities .....</b>	<b>\$1,208,256</b>	<b>\$ 60,540</b>	<b>\$1,268,796</b>
<b>Reserves:</b>			
Revenue Bond Service .....	\$ 54,780	\$ —	\$ 54,780
Revenue Bond Reserve .....	183,673	—	183,673
Encumbrances .....	61,324	85,410	146,734
Continuing Appropriations .....	—	245,981	245,981
<b>Total Reserves .....</b>	<b>\$ 299,777</b>	<b>\$ 331,391</b>	<b>\$ 631,168</b>
<b>Fund Balances .....</b>	<b>\$ 298,723</b>	<b>\$ 635,698</b>	<b>\$ 934,421</b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>	<b>\$1,806,756</b>	<b>\$1,027,629</b>	<b>\$2,834,385</b>

<sup>①</sup> Extracted from City 1976/77 Annual Financial Report, audited by Thomas, Byrne & Smith, CPA's, Riverside, California. Copies on file at City Finance Department.

**Table 6****CITY OF RIVERSIDE****Sewer Service Fund****Estimated Future Revenues, Expenditures, and Sewer Revenue Bond Service Coverage<sup>①</sup>**

	1978/79	1979/80	1980/81	1981/82
<b>REVENUES:</b>				
Current Service Charges .....	\$2,105,856	\$3,196,722	\$3,356,558	\$3,524,386
Miscellaneous Revenues .....	35,000	10,000	20,000	30,000
Total Revenues .....	\$2,140,856	\$3,206,722	\$3,376,558	\$3,554,386
<b>MAINTENANCE AND OPERATION:</b>				
Personnel .....	\$ 796,106	\$ 891,639	\$1,171,000	\$1,311,520
Expense Items .....	785,123	879,338	1,317,000	1,475,040
Equipment .....	9,300	10,500	30,000	30,000
Total Maintenance and Operation .....	\$1,590,529	\$1,781,477	\$2,518,000	\$2,816,560
Net Revenues Pledged .....	\$ 550,327	\$1,425,245	\$ 858,558	\$ 737,826
Estimated Sewer Revenue Bond Service <sup>②</sup> .....	\$ 191,995	\$ 306,540	\$ 308,859	\$ 310,689
Sewer Revenue Bond Service Coverage Ratio .....	2.87	4.65	2.78	2.37
<b>REVENUE AVAILABLE FOR OTHER PURPOSES OF THE ENTERPRISE:</b>				
Plant Replacement .....	\$ —	\$ —	\$ —	\$ 35,400
General Obligation Bond Service for Sewerage Purposes .....	\$ 371,470	\$ 361,570	\$ 351,670	\$ 351,620
Surplus Available for Other Purposes .....	\$ (13,138) <sup>③</sup>	\$ 757,135	\$ 198,029	\$ 40,117

<sup>①</sup> Source: City of Riverside estimates; assumes 50% rate increase effective in 1979/80. Assumes operation of treatment plant to begin in 1980/81.

<sup>②</sup> From Table 1.

<sup>③</sup> Deficit funded from sewer fund balance (\$2,297,072 estimated at beginning of fiscal year 1978/79).



**Table 7**  
**CITY OF RIVERSIDE**  
**Sewer Revenue Bond Coverage**

Fiscal Year	Service Charge Revenues <sup>①</sup> (\$1,000)	Main-tenance and Operation Expense <sup>①</sup> (\$1,000)	Net Revenues <sup>①</sup> (\$1,000)	Debt Service <sup>②</sup> (\$1,000)	Revenue Bond Coverage	
					Maximum Debt Service <sup>③</sup>	Annual Debt Service <sup>④</sup>
1973/74 .....	\$1,378	\$ 870	\$ 508	\$129	3.85	3.94
1974/75 .....	1,489	1,067	422	131	3.20	3.22
1975/76 .....	1,476	1,228	248	132	1.88	1.88
1976/77 .....	1,922	1,329	593	129	4.49	4.60
1977/78 .....	2,005	1,496	509	126	3.86	4.04
1978/79 .....	2,141	1,591	550	192	1.77	2.87
1979/80 .....	3,207	1,781	1,425	307	4.64	4.65
1980/81 .....	3,377	2,518	859	309	2.78	2.78
1981/82 .....	3,554	2,817	738	311	2.36	2.37

① From Table 3 (1973/74-1977/78) and Table 6 (1978/79-1981/82).

② 1973/74-1977/78 actual; 1978/79 and thereafter estimated as shown in Table 1.

③ \$132,000 through 1977/78 on outstanding 1969 Bonds; thereafter on all bonds, including the Series 1978 Bonds currently offered, estimated to be \$311,799, occurring in 1982/83.

④ Actual through 1977/78; estimated 1978/79 and thereafter, from Table 6.

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## FINANCIAL DATA

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### Assessed Valuations

The City of Riverside uses the facilities of Riverside County for the assessment and collection of taxes for city purposes. City taxes are collected at the same time and on the same tax rolls as are county, school district, and special district taxes. Assessed valuations of properties are the same for both city and county taxing purposes. The California State Board of Equalization reports the 1977/78 Riverside County valuations averaged 24.1 percent of full value except for public utility property, which is assessed at 25 percent of full cash value by the state.

The California State Legislature adopted two types of state-reimbursed exemptions beginning in the tax year 1969/70. The first currently exempts 50 percent of the assessed valuation of business inventories from taxation. The second exemption currently provides a credit of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenue estimated to be lost to local taxing agencies due to these two exemptions is reimbursed from state sources. Reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated delinquencies.

At the June 6, 1978 statewide election, the voters approved Proposition 13, a measure entitled "Tax Limitation—Initiative Constitutional Amendment," commonly known as the "Jarvis-Gann Initiative."

The office of the Attorney General provided the following summary of the measure for the election:

**"TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT.** Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-1976 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires  $\frac{2}{3}$  vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by  $\frac{2}{3}$  vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in



annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds.”

The legality of the Initiative is being challenged in several court proceedings. The city cannot predict whether or not the validity of the Initiative will be upheld, in whole or in part, by the courts. However, if the measure is upheld by the courts, ad valorem taxes of the city for purposes other than the payment of the debt service on bonds of the city approved by the voters would be substantially reduced.

On June 24, 1978, emergency legislation addressing the same subject was enacted into law as Chapter 292, which added Section 2235(a) to the Revenue and Taxation Code. Pursuant to the provisions of the Jarvis-Gann Initiative and of Chapter 292, the assessed valuation of property for property tax purposes is established as the full cash value thereof as shown on the 1975/76 assessment rolls. The assessed valuation so established may be increased up to 2% per year for each year thereafter to reflect a change in the cost of living and may also be increased on a change of ownership, on a purchase and upon new construction.

The two tabulations following present the city's 1978/79 assessed valuation before and after provision for the two state-reimbursed exemptions, and a summary of assessed valuation growth since 1969/70.

## CITY OF RIVERSIDE

### 1978/79 Assessed Valuation

Roll	Net Assessed Valuation	State-reimbursed Exemptions	Assessed Valuation for Revenue Purposes
Secured .....	\$493,611,371	\$63,130,665	\$556,742,036
Utility .....	22,033,140	1,790	22,034,930
Unsecured ....	37,215,963	12,295,293	49,511,256
Total ..	\$552,860,474	\$75,427,748	\$628,288,222 <sup>①</sup>

① Includes \$13,829,181 of incremental assessed valuations within the Riverside Redevelopment Agency's redevelopment projects. Property taxes levied against such valuations may be paid to the Agency and in such case would not be available to overlapping taxing entities.

Source: Riverside County Auditor-Controller.

The tabulation below is presented for historical comparison only, inasmuch as the passage of the Jarvis-Gann Initiative, discussed previously, will have a significant effect upon future assessed valuation of the city and its ability to levy ad valorem taxes.

## CITY OF RIVERSIDE

### Assessed Valuations

Fiscal Year	Assessed Valuation <sup>①</sup>
1969/70 .....	\$279,265,432
1970/71 .....	296,740,661
1971/72 .....	322,768,084
1972/73 .....	336,823,722
1973/74 .....	355,837,058
1974/75 .....	385,907,138
1975/76 .....	416,491,631
1976/77 .....	453,417,402
1977/78 .....	550,705,209
1978/79 .....	628,288,222

① Before deduction of State-reimbursed exemptions. Includes incremental assessed valuations within the Riverside Redevelopment Agency's redevelopment projects.

Source: Riverside County Auditor-Controller.

## Tax Rates, Secured Tax Levies, and Delinquencies

In the past, property in the city has been subject to taxation at varying rates by the city, county and numerous special districts. The city's 1977/78 tax rate was \$1.01 per \$100 assessed valuation. As a result of the Jarvis-Gann Initiative, the maximum tax rate for all taxing agencies is \$4 per \$100 assessed valuation plus rates needed to meet debt service on outstanding general obligation bonds. The Riverside County Assessor has determined the city's share of the total 1978/79 county property tax levy to be approximately 2.15%, or an estimated \$2,514,608. However, this assumes that the Initiative does not apply to the 1978/79 unsecured assessment roll. The California Attorney General has opined that the Initiative does apply to this roll. If he is correct, the city's share of the property tax levy would be reduced to \$2,360,482. This is exclusive of any levy to meet debt service on outstanding city general obligation bonds, for which a separate tax can be levied.

Tax Code Area 9002 is the largest in terms of assessed valuation in the city. Total tax rates per \$100 assessed valuation in Code Area 9002 for all purposes for the fiscal years 1973/74–1977/78 are presented in the tabulation at the bottom of the page. There are presented for historical comparison only, as the 1978/79 tax rate is \$4 per \$100 assessed valuation, as discussed above.

The following tabulation presents a ten-year summary of the city's secured tax levies, and current secured tax delinquencies. During the period, the current rate of secured tax delinquency averaged 2.47 percent per annum.

## CITY OF RIVERSIDE

### Secured Tax Levies and Delinquencies

Fiscal Year	City Secured Levy	Amount Delinquent June 30	Percent Delinquent June 30
1968/69 ....	\$2,900,366	61,849	2.21%
1969/70 ....	2,835,103	64,942	2.29
1970/71 ....	2,882,006	69,772	2.42
1971/72 ....	3,234,961	68,224	2.11
1972/73 ....	3,331,591	68,020	2.04
1973/74 ....	3,106,237	80,994	2.61
1974/75 ....	3,396,575	152,673	4.49
1975/76 ....	3,677,218	117,209	3.19
1976/77 ....	4,006,702	68,555	1.72
1977/78 ....	4,531,449	74,987	1.66

Source: Riverside County Auditor-Controller.

## Retirement System

Employees of the city participate in a defined-benefit pension plan which is administered in accordance with a contract between the city and the State of California Public Employees' Retirement System ("PERS").

The PERS system was established in 1931. As of June 30, 1977, there were 556,759 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are other public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts, and other public bodies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Total assets of the System at June 30, 1977 were \$8,951,294,831, according to the most recent annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits. The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614.

## TAX CODE AREA 9002

### Total Tax Rates/\$100 A.V.

	1973/74	1974/75	1975/76	1976/77	1977/78
County of Riverside .....	\$ 2.673	\$ 2.635	\$ 2.629	\$ 2.923	\$ 2.544
City of Riverside .....	1.130	1.130	1.130	1.130	1.010
City schools .....	4.834	4.607	5.453	5.447	5.133
County school programs .....	.288	.188	.288	.312	.330
Riverside Community College .....	.636	.650	.692	.615	.614
Flood Control Zone 1 .....	.550	.550	.525	.548	.534
Metropolitan Water District .....	.200	.190	.180	.160	.160
Western Municipal Water District .....	.100	.100	.100	.110	.100
Total, All Property .....	\$10.411	\$10.050	\$10.980	\$11.245	\$10.425
Land and Improvements Only:					
Resource Conservation .....	.020	.020	.026	.014	.022
Total, All Rates .....	\$10.431	\$10.070	\$11.006	\$11.259	\$10.447

Source: Riverside County Auditor-Controller.



The most recent actuarial valuation, performed by PERS, utilized census data as of June 30, 1976. The total unfunded obligation of the System was determined to be \$6,868,665. The method used was entry age normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain public agency miscellaneous members, actuarial evaluations are performed for each participating employer, and the total accrued actuarial liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

State law provides that, when rendered necessary by changes in benefits or by periodic actuarial review, PERS may modify the amounts of annual pension contributions by agencies contracting with it. At July 1, 1975, an actuarial valuation by the state (the most recent) indicated the city had an unfunded liability for safety members of \$16,234,649 and for miscellaneous members of \$12,891,087. Contribution rates of 10.089% for safety members and 3.648% for miscellaneous members were established by the state to amortize this liability by July 1, 2000.

The System's financial statements are prepared on an accrual basis of accounting. The System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law. Management Applied Programming, Inc., Los Angeles, is reviewing the June 30, 1977 actuarial valuation prepared by the PERS staff. Additional information is available from State of California Public Employee's Retirement System, 1416 Ninth Street, Sacramento, California 95184.

## Principal Taxpayers

The tabulation at the top of the next column presents the ten principal property taxpayers in the City of Riverside and the taxes paid by each in 1977/78. This listing was compiled from individual tax bills

by the Riverside County Tax Collector's office. In the case of utilities, the amounts are on a county-wide basis but it is believed the majority of the property is within the City of Riverside.

## CITY OF RIVERSIDE

### Principal Property Taxpayers

Taxpayer	Taxes Paid 1977/78
Pacific Telephone Co. ....	\$3,014,506
Southern California Gas Co. ....	2,467,421
Amcord .....	690,221
Southern Pacific Transportation Co. ....	557,298
Rohr Industries .....	526,958
Owens-Illinois Inc. ....	404,528
Pacific Lighting Service Co. ....	390,858
Bourns Inc. ....	381,898
J. C. Penney Properties .....	377,180
Alumax Inc. ....	335,724

Source: Riverside County Tax Collector.

## Fund Balances and Reserves

The City's fund balances as of June 30, 1977 and 1978 were as shown below.

## CITY OF RIVERSIDE

### Fund Balances as of June 30, 1977, 1978<sup>①</sup>

	1977 <sup>②</sup>	1978 <sup>③</sup>
General Fund .....	\$4,234,900	\$ 4,559,000
Special Revenue funds ...	2,317,917	1,993,500
Bond Service funds .....	114,162	123,000
Capital Project Fund ....	1,158,280	2,992,440
Airport Fund .....	(169,308)	42,000
Trust Agency funds .....	1,528,819	1,499,882
Other funds .....	(49,076)	54,433
Total .....	\$9,135,694	\$11,264,255

① Excludes Electric System and Water Department funds.

② Audited totals from 1976/77 Annual Financial Report.

③ Beginning of year estimates in 1978/79 city budget.

## Budgets and Personnel

The tabulation to the left on page 22 shows a comparison of the city's 1977/78 and 1978/79 Budgets and Personnel. The 1978/79 Budget reflects the reduced property tax revenues projected as a result of the Jarvis-Gann Initiative.

## CITY OF RIVERSIDE

### Budgets and Personnel<sup>①</sup>

	1977/78	1978/79
<b>Budget:</b>		
Current operations . . .	\$ 74,075,079	\$ 78,300,123
Debt service . . . . .	7,908,860	8,264,029
Capital projects . . . .	57,996,312	38,455,422
Total . . . . .	\$139,980,251	\$125,019,574
<b>Sources of Funds:</b>		
Property taxes . . . . .	\$ 4,721,400	\$ 2,099,410 <sup>②</sup>
Other local taxes . . .	10,049,000	12,855,000
Licenses and permits	2,365,500	2,332,800
Rent and interest . . .	1,167,500	1,593,700
Fines and penalties . .	847,000	843,000
Subventions and grants . . . . .	23,490,586	23,342,132
Reserves and miscellaneous . . . . .	3,986,365	7,134,899
Bond proceeds <sup>③</sup> . . .	39,550,000	14,473,000
Service charges . . . .	6,598,600	6,657,483
Electric utility . . . . .	38,890,000	44,988,000
Water utility . . . . .	8,314,300	8,700,150
Total . . . . .	\$139,980,251	\$125,019,574
<b>Personnel:</b>		
Full-time . . . . .	1,505	1,458
Part-time . . . . .	179	139
CETA . . . . .	96	84
Total . . . . .	1,780	1,681

<sup>①</sup> Source: City budgets.

<sup>②</sup> As discussed on page 19, this amount is reported to be either \$2,514,608 or \$2,360,482.

<sup>③</sup> Principally electric, water and sewer revenue bonds sold in 1977/78 or to be sold in fiscal year 1978/79.

### Annual Debt Service and Lease Obligations

Excluding revenue bonds, including those currently offered, the Riverside Civic Center Authority, the Parking Authority of the City of Riverside and the Riverside Airport Lease Company have issued a total of \$39,080,000 of bonds which are secured by pledges of rental revenues under leases of four projects to the City of Riverside. This total includes \$9,000,000 refunding lease revenue bonds issued by the Riverside Civic Center Authority to refund an earlier issue but which have no effect on the city's total annual lease obligations. As of the sale date of the Bonds currently offered, \$28,792,000

of these bonds will be outstanding, excluding the aforementioned \$9,000,000 refunding bonds on which interest payments are being met by interest earnings on escrowed Federal securities until July 15, 1987, when they will be used to call and redeem an earlier lease-revenue Bond issue. The annual base rentals due under all the leases total \$2,255,800 through 1991/92; \$2,219,300 from 1992/93 through 2002/03; and \$285,700 in 2003/04. Upon payment and expiration of the respective leases, ownership of all leased facilities will revert to the city.

Table 8 below presents a summary of general obligation bond service requirements and rental obligations due in the future.

**Table 8**

### CITY OF RIVERSIDE

#### Future General Obligation Bond Service and Rental Obligations

Fiscal Year	General Obligation Bond Service	Lease Rental Obligations	Total
1978/79 ..	\$ 756,306	\$ 2,255,800	\$ 3,012,106
1979/80 ..	740,743	2,255,800	2,996,543
1980/81 ..	774,743	2,255,800	3,030,543
1981/82 ..	736,968	2,255,800	2,992,768
1982/83 ..	514,448	2,255,800	2,770,248
1983/84 ..	351,618	2,255,800	2,607,418
1984/85 ..	356,503	2,255,800	2,612,303
1985/86 ..	247,168	2,255,800	2,502,968
1986/87 ..	244,198	2,255,800	2,499,998
1987/88 ..	240,913	2,255,800	2,496,713
1988/89 ..	242,288	2,255,800	2,498,088
1989/90 ..	238,105	2,255,800	2,493,905
1990/91 ..	238,600	2,255,800	2,494,400
1991/92 ..	178,535	2,255,800	2,434,335
1992/93 ..	86,160	2,219,300	2,305,460
1993/94 ..	42,100	2,219,300	2,261,400
1994/95 ..	—	2,219,300	2,219,300
1995/96 ..	—	2,219,300	2,219,300
1996/97 ..	—	2,219,300	2,219,300
1997/98 ..	—	2,219,300	2,219,300
1998/99 ..	—	2,219,300	2,219,300
1999/00 ..	—	2,219,300	2,219,300
2000/01 ..	—	2,219,300	2,219,300
2001/02 ..	—	2,219,300	2,219,300
2002/03 ..	—	2,219,300	2,219,300
2003/04 ..	—	285,700	285,700
<b>Total ..</b>	<b>\$5,989,396</b>	<b>\$56,279,200</b>	<b>\$62,268,596</b>

Source: City 1976/77 Annual Financial Report.



In addition to the lease obligations described above, as of the sale date of the Bonds currently offered, the City of Riverside will have \$4,720,000 outstanding general obligation bonds, of which \$2,311,525 are currently supported by revenues from sewer service charges. The remaining bonds were issued for fire department capital projects and other city improvements. The seven outstanding issues have final maturities ranging from 1980 to 1994.

In addition, and including the Bonds currently offered, the city will have outstanding \$48,605,000 in revenue bonds issued to finance sewer system, water system and electric system improvements. These are supported entirely by revenues from the respective enterprise for which they were issued. The final maturities on the sewer bonds (those currently offered) are in 1998; the water bonds in 2006; and the electric bonds in 2003. The city plans to sell \$43 million in electric revenue bonds in August 1978 to purchase a share in the San Onofre Generation Project, a nuclear power plant located on the coast

about 60 miles southwest of the city. These bonds will be supported entirely by electric system revenues and are in addition to the aforementioned outstanding \$48,605,000 revenue bonds.

## Revenues and Expenditures

Table 9 below presents a summary of general revenues and expenditures for the City of Riverside over the years 1972/73 through 1976/77 (latest available) as reported by the city's Finance Department to the State Controller in accordance with State law. The following "enterprise funds" are excluded from the tabulation: Airport, Electric System and Water Department.

## Direct and Overlapping Bonded Debt

Table 10 on page 24 presents a summary of the City's general obligation direct and estimated overlapping debt. The direct debt is discussed in detail on pages 22-23.

**Table 9**  
**CITY OF RIVERSIDE**  
**Summary of Revenues and Expenditures<sup>①</sup>**

	1972/73	1973/74	1974/75	1975/76	1976/77
<b>REVENUES</b>					
Property taxes .....	\$ 3,571,253	\$ 3,381,227	\$ 3,601,056	\$ 3,975,581	\$ 4,465,422
Sales and use taxes .....	4,062,867	4,470,470	4,832,203	5,690,908	6,713,855
Other non-property taxes ...	1,919,833	2,120,005	2,693,741	3,068,953	5,076,931
Licenses and permits .....	942,327	1,140,508	1,084,898	1,876,304	1,534,897
Fines and penalties .....	812,524	680,328	684,006	681,166	819,142
Use of money and property ..	343,707	582,830	640,493	452,720	476,248
From other agencies .....	9,012,415	8,803,342	9,508,874	12,911,274	11,621,089
Current services .....	4,438,769	4,391,775	4,704,924	4,802,899	7,624,337
Other revenue .....	2,725,664	2,494,099	3,307,429	4,177,388	4,122,321
Total .....	\$27,829,359	\$28,064,584	\$31,057,624	\$37,637,193	\$42,454,242
<b>EXPENDITURES:</b>					
General government .....	\$ 4,207,386	\$ 4,364,461	\$ 2,800,626	\$ 3,605,212	\$ 5,190,295
Public safety .....	7,627,026	8,449,947	10,282,932	11,491,824	12,692,188
Public works .....	5,565,493	6,430,158	8,350,101	8,700,639	9,159,340
Health .....	20,508	62,004	56,140	24,084	—
Library .....	1,629,611	1,703,592	2,098,121	2,304,122	2,480,356
Parks and recreation .....	2,069,330	2,120,569	2,976,007	3,316,951	3,782,253
Contributions to other gov- ernmental units .....	182,527	214,032	67,122	19,338	133,838
Capital outlays .....	5,014,523	2,711,108	4,232,265	5,661,477	5,041,604
Total .....	\$26,316,404	\$26,055,871	\$30,863,314	\$35,123,647	\$38,479,874

<sup>①</sup> Source: City Finance Department as reported to State Controller and published in State Controller's Annual Report entitled *Financial Transactions Concerning Cities of California*. Excludes Airport, Electric System and Water Department enterprise funds.

Table 10

## CITY OF RIVERSIDE

## Statement of Direct and Estimated Overlapping Bonded Debt

Population (January 1978) .....	155,800 <sup>①</sup>	
1977/78 Assessed Valuation .....	\$ 550,705,209	
Estimated Market Value .....	\$2,282,108,000 <sup>②</sup>	
	Percent Applicable <sup>③</sup>	Debt Applicable September 19, 1978 <sup>④</sup>
Riverside County .....	22.569%	\$ 162,497
Riverside Unified School District .....	92.753	16,087,997
Riverside School District .....	93.984	887,209
Alvord Unified School District .....	93.213-95.322	4,169,176
Jurupa Unified School District .....	.006	155
Moreno Valley Unified School District .....	1.773	28,970
Riverside Community College District .....	68.770	1,306,630
La Sierra Community Services District .....	100.	275,000
Highgrove School District .....	64.175	25,670
Metropolitan Water District .....	1.082	5,680,284
Other districts .....	Various	163,033
County Flood Control Zone No. 1 .....	78.720	17,180,640
City of Riverside .....	100.	4,720,000
<b>TOTAL DIRECT AND OVERLAPPING BONDED DEBT ....</b>		<b>\$50,687,261</b>
	Ratio to	
	1977/78 Assessed Valuation	Estimated Market Value
Assessed Valuation .....	100. %	② %
Direct Debt .....	.86	.21
Total Debt .....	9.20	2.22
		Per Capita
		\$3,535
		31
		326

① Source: State Department of Finance estimate.

② The State Board of Equalization reported 1977/78 Riverside County assessed valuations averaged 24.1 percent of full value except for public utility property which was reportedly at 25 percent of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California, based on 1977/78 assessed valuations.

④ Excludes revenue bonds, advance refunding bonds; city parking district bonds (\$725,000); city authority lease revenue bonds (\$28,792,000), and city's share of county lease-purchase and authority obligations (\$4,703,380). Excludes sales and redemptions, if any, between July 21 and September 19, 1978.

## CITY SHARE OF AUTHORIZED AND UNSOLD BONDS:

Alvord Unified School District .....	\$ 657,722	Riverside Unified School District ....	\$ 556,518
La Sierra Community Services District	100,000	Western Municipal Water District, Im-	
Metropolitan Water District .....	3,949,300	provement District No. 3 .....	289,357



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# THE CITY

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## Geography

The City of Riverside is located in the northwest corner of Riverside County approximately 50 miles east of Los Angeles and ninety miles north of San Diego. Incorporated in 1883, the city is the county seat of Riverside County. The city comprises 72 square miles at an average elevation of 851 feet above sea level.

The city enjoys a relatively mild climate. Average temperatures range from 47 degrees in the winter to 79 degrees in the summer, with an average of over 300 clear or partly cloudy days per year. Precipitation averages 12 inches per year, with most rainfall occurring from December through March.

The City has a number of well known industries and is also a center for agricultural production. Most of the county's government offices, financial institutions and professional offices are located in the city. The city is served by three major railroads and two freeways.

## Municipal Government

The city is a charter city and has the council-manager form of government with a seven member council being elected for four-year overlapping terms. The mayor is elected at large for a four-year term and is presiding officer of the council, but does not have a vote except in case of a tie. The position of city manager is filled by appointment of the council to serve as administrator of the staff and to carry out the policies of the council.

Functions of the city government are carried out by approximately 1,600 full-time and 180 part-time personnel. Water is supplied by the city system. The city maintains a sewer system. Other city services include a diversified recreation program and park department, museum and library.

## Population

The growth of Riverside has steadily increased since 1950. The 1970 Federal Census showed the

city's population to be 140,089, which represents an increase of 55,757 or 66% in the ten years since the 1960 census. During the twenty year period since the 1950 census, the population increased by 93,343. The State Department of Finance estimated population at 155,800 as of January 1, 1978. The following tabulation shows the growth in population since 1940.

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## CITY OF RIVERSIDE

### Population Statistics

Year	Population
1940 .....	38,227 <sup>①</sup>
1950 .....	46,746 <sup>①</sup>
1960 .....	84,332 <sup>①</sup>
1970 .....	140,089 <sup>①</sup>
1978 .....	155,800 <sup>②</sup>

① Federal Census.

② State Department of Finance.

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## Housing Characteristics

As reported by the 1970 Federal Census, the majority of dwelling units in Riverside were owner occupied and 47 percent of these were valued at \$20,000 or more, with a median value of \$19,600. Median rent in the city was \$102 per month per unit. These valuations have more than doubled since 1970.

## Building Activity

Paralleling population and commercial growth in the city, building activity has increased steadily. More than \$500 million of building permits have been issued by the city's Building Department since 1973. The increase in 1977 is due principally to building permits being issued for 4,138 single family dwellings with a total permit valuation of \$168 million. Permit valuations are summarized in the tabulation at the bottom of the next page.

**Building Moratorium.** In November 1977, the city placed a building moratorium on all residential construction except for individual single-family dwelling construction. The purpose of this moratorium is to allow the city sufficient time to complete various area planning studies and to develop a system for evaluating residential developments and their impact upon city services. At the present time, it is not anticipated that the moratorium will be lifted before early 1979.

In addition, the city's sewage treatment plant is approaching capacity and additional capacity does not appear to be possible for a three- to five-year period. As a result, the city has tentatively determined that the remaining capacity will be prorated over the next four years by limiting sewer connections. However, all projections of sewer connections and sewer system revenues presented in the section of this official statement entitled "The Enterprise" take into account this building moratorium.

## Commercial Activity

Retail merchandising is a primary factor in the city's economy. The city serves as a major commercial and marketing center for a large portion of Riverside and San Bernardino Counties.

The following tabulation summarizes the growth in taxable transactions since 1972, as reported by the State Board of Equalization.

### CITY OF RIVERSIDE

#### Taxable Transactions

Year	Outlets July 1	Taxable Transactions
1972 .....	2,700	\$394,940,000
1973 .....	2,762	436,677,000
1974 .....	2,799	462,346,000
1975 .....	2,908	506,560,000
1976 .....	3,034	588,267,000
1977 .....	3,161	722,846,000

Source: State Board of Equalization.

## Employment

Employment statistics are not compiled for the City of Riverside alone. The State Employment Development Department compiles statistics for the labor market including all of Riverside and San Bernardino Counties. In its April 1978 survey, detailed in the tabulation below, the department reports that 405,200 were employed in the labor market, an increase of 18,800 over the previous April.

### RIVERSIDE-SAN BERNARDINO-ONTARIO LABOR MARKET AREA

#### Employment Statistics

Type of Employment	April 1977	April 1978
Agriculture .....	19,900	19,700
Mining .....	2,200	2,500
Construction .....	17,300	18,300
Manufacturing .....	57,100	58,600
Transportation and Public Utilities .....	19,700	20,400
Trade: Wholesale and Retail	87,800	92,600
Finance, Insurance and Real Estate .....	14,400	15,000
Services .....	74,900	79,300
Federal Government .....	14,500	14,900
State/local Government ....	78,600	83,900
Total .....	386,400	405,200
Unadjusted Unemployment Rate .....	8.0%	5.9%

Source: California Employment Development Department.

### CITY OF RIVERSIDE

#### Building Permit Valuations

	1973	1974	1975	1976	1977	1978*
New residential .....	\$33,931,256	\$17,664,770	\$30,861,332	\$77,044,696	\$209,401,108	\$ 2,816,353
Commercial/ industrial .....	20,453,498	13,555,810	11,290,255	9,319,695	18,950,143	12,137,672
Alterations/additions	5,490,364	4,524,902	6,179,004	10,367,007	15,333,157	9,667,915
Total valuation ..	\$59,875,118	\$35,745,482	\$48,330,591	\$96,731,398	\$243,684,408	\$24,621,940
Total new dwelling units .....	81	40	87	1,660	4,506	43
Total permits .....	3,565	3,245	3,425	4,754	8,468	2,230

\*6 months.

Source: City Planning Department—Building Division.

## Industry

There are 195 manufacturing plants in the Riverside community area. Leading group classes of products include mobile homes and recreational vehicles, electronic components, aircraft and rocket motor assemblies. Table 11 below lists the major industrial and non-industrial employers in the Riverside area. In addition to the employers listed in Table 11, the Winnebago Corporation opened a 131,000 square foot plant on a 25-acre site in the city. Employing 175, this plant will be used for manufacture of the firm's motor homes.

Many other industries which provide employment in the Riverside-Ontario-San Bernardino labor market are located outside city limits, but within a short drive.

## Utilities

Electric power and water are furnished to the city by the city-owned Public Utilities Department. Natural gas is supplied by the Southern California Gas Company. Telephone service is provided by the Pacific Telephone Company.

## Banking

Riverside is served by a number of financial institutions, both banks and savings and loan institutions: Bank of America N.T. & S.A. (7 branches), Crocker National Bank (2 branches), First National Bank & Trust, Riverside National Bank (2 branches), Security Pacific National Bank (10 branches), United California Bank (2 branches), Anaheim Savings and Loan, California Federal Savings and Loan,

**Table 11**

### **RIVERSIDE COMMUNITY AREA**

#### **Principal Employers**

Firm/Institution	Principal Products	Number of Employees
<b>Industrial:</b>		
Fleetwood Enterprises	Mobile homes, recreational vehicles	1,450
Bourns Inc.	Electronic components and systems	1,076
Rohr Industries Inc.	Aircraft and rocket motor assemblies	1,040
Riverside Cement Co.	Cement	599
Owens-Illinois/Lily Div.	Paper and plastic cups and containers	420
Alumax Inc.	Aluminum mill products	418
Toro Co.	Automatic irrigation systems	350
Hunter Engineering Co.	Rolling mill machinery/equipment	310
Amoco Reinforced Plastics	Fibreglass pipes and manholes	250
ATCO International Inc.	Relocatable housing structures	250
FMC Corp., Citrus Machinery Div.	Citrus processing machinery, egg handling systems	200
Luxfer USA Ltd.	Aluminum high pressure gas cylinders	175
<b>Non-Industrial:</b>		
County of Riverside	County government	3,900
Univ. of Calif. Riverside	State university	3,600
Riverside Unified School District	Public school system	2,368
City of Riverside	City government	1,449
March AFB (non-military empl.)	Military installation	1,300
Alvord Unified School District	Public school system	850
Pacific Telephone Co.	Telephone utility	800
Riverside Community Hospital	Private hospital	787
E. L. Yeager Construction	Road construction	500
Press-Enterprise Co.	Daily newspaper	424

Source: Riverside County Department of Development, April 1977.



Glendale Federal Savings, Great Western Savings and Loan, Hemet Federal Savings and Loan, Home Savings and Loan, Imperial Savings and Loan, Provident Federal Savings and Loan, Redlands Federal Savings, Riverside Savings and Loan, Southwest Savings and Loan and USlife Savings and Loan.

## Transportation

Riverside is served by or adjacent to a variety of land and air transportation facilities. Interstate bus service is available via both Greyhound and Continental Trailways. Local bus service is provided by the Southern California Rapid Transit District and Riverside Transit Agency. Most major trucking firms serve Riverside in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, San Diego and Sacramento.

Rail service is provided by three major transcontinental railroads, the Santa Fe, Southern Pacific and Union Pacific. All three lines serve the city.

Air transportation is available from the city operated Riverside Municipal Airport and the Ontario International Airport, 18 miles to the west.

Riverside is served by the Riverside Freeway (State Route 91), which provides access to Orange County; Interstate 15 which connects the city to San Diego and San Bernardino; and U. S. Highway 60, a transcontinental east-west route.

## Education

Riverside provides instruction at all levels. The University of California at Riverside, with a 1977/78 enrollment of approximately 5,100, offers undergraduate and graduate degrees in many liberal arts fields in addition to a notable agricultural curriculum.

The Riverside Unified School District operates 24 elementary schools, 5 junior high schools, 4 high schools and 3 special schools. Fall term enrollment over the past five years, as reported by the district, is shown in the tabulation to the right. The enrollment figures shown are for full-time day students only and do not include those enrolled in night school and other special programs.

The Alvord Unified School District, with a total Fall 1977 enrollment of approximately 9,000, also provides public schools for a small percentage of city residents.

Also located at Riverside is La Sierra College, a four-year Seventh-Day Adventist college affiliated

with Loma Linda University. Specialized schools include California School for the Deaf and the Sherman Institute.

## RIVERSIDE UNIFIED SCHOOL DISTRICT

### Fall Term Enrollment

School Year	Elementary	Junior High	High	Total
1973/74 ..	11,783	4,025	7,481	23,289
1974/75 ..	12,196	4,100	8,111	24,407
1975/76 ..	12,175	4,011	8,262	24,448
1976/77 ..	12,038	3,963	8,234	24,235
1977/78 ..	12,058	3,885	8,259	24,202

Source: Riverside Unified School District.

The Riverside City Community College District operates Riverside City College. The school is a community college offering two-year programs leading either to terminal degrees in technical fields or to entrance to a four-year college at the third year level, plus adult education courses. Fall 1977 enrollment was approximately 16,000.

## Recreation and Tourism

The City of Riverside has 25 park areas totalling about 520 acres with facilities ranging from picnic areas and playgrounds to swimming pools to community centers. There are two municipal golf courses. The city Park and Recreation Department sponsors a full range of recreational activities for area residents.

There are many recreational areas within a short drive of the city. These include the Riverside International Raceway east of the city, the Orange Empire Trolley Museum in Perris and ski and mountain recreation areas in the nearby San Bernardino and San Gabriel mountains. Somewhat further from the city is Palm Springs, a popular winter resort, Lake Arrowhead and Big Bear Lake.

## Community Facilities

Riverside provides many cultural activities and facilities including an art center, municipal museum, municipal library, the opera society, the symphony society and the municipal auditorium.

Four general hospitals, with a total bed capacity of 899, are located in the city, along with eight convalescent hospitals.

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